

Proposition 25**Changes Legislative Vote Requirement to Pass a Budget from Two-Thirds to a Simple Majority. Retains Two-Thirds Vote Requirement for Taxes. Initiative Constitutional Amendment.****Background**

Process for Passing a Budget. The State Constitution gives the Legislature the power to appropriate (that is, allow the spending of) state funds. The annual state budget is the Legislature's primary method of authorizing state expenses for a fiscal year (which runs from July 1 to June 30). The Constitution requires that the Governor propose a budget by January 10 for the next fiscal year. Each of the two houses of the Legislature (the State Assembly and the State Senate) then is required to pass the annual budget bill by June 15 and send it to the Governor. The Governor may either sign the budget approved by the Legislature or veto (reject) all or a part of it. By a two-thirds (67 percent) vote in each house of the Legislature, a veto by the Governor may be overridden. While the Constitution has a date by which the Legislature must *pass* a budget, it does not have a specific date by which a final budget must be *put into law*.

Two-Thirds Vote Requirement for Passage of State Budget. The Constitution requires a two-thirds vote of each house of the Legislature for the passage of "urgency" measures that take effect immediately, bills that increase state tax revenues, and General Fund appropriations (except appropriations for public schools). Because the state budget includes General Fund appropriations and needs to take effect

immediately, it requires a two-thirds vote for passage. Certain budget actions, such as a decision to change the services that a state department is mandated to provide, require changing state law. These changes often are included in "trailer bills" that accompany passage of the budget each year. In general, bills passed by the Legislature take effect on January 1 of the next year. In order for trailer bills to take effect immediately, however, they must be passed by a two-thirds vote of each house of the Legislature.

Late Budgets. Since 1980, the Legislature has met its June 15 constitutional deadline for sending a budget to the Governor five times. During that same period, a final budget—passed by the Legislature and approved by the Governor—was in place prior to the July 1 start of the fiscal year on ten occasions, including three times since 2000. When a fiscal year begins without a state budget in place, some state expenses are not paid as scheduled. For example, state elected officials (such as the Governor and Members of the Legislature) have not received salaries after July 1 until a final budget is in place. Salary payments withheld from these officials have been paid in full when the final budget goes into effect.

Proposal

Lowers Legislative Vote Requirements for the Budget Bill and Related Legislation.

This measure amends the Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement would be lowered from two-thirds to a majority (50 percent plus one) of each house of the Legislature. The lower vote requirement also would apply to

trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." Both the budget bill and these trailer bills would take effect immediately after being signed by the Governor (or on a later date specified in the bill). A two-thirds vote of the Legislature would still be required to override any veto by the Governor. This measure's constitutional provisions do not specifically address the legislative vote requirement for increasing state tax revenues, but the measure states that its intent is not to change the existing two-thirds vote requirement regarding state taxes.

Loss of Pay and Reimbursements by Legislators. In any year when the Legislature has not sent a budget bill to the Governor by June 15, this measure would prohibit Members of the Legislature from collecting any salary or reimbursements for travel or living expenses. This prohibition would be in effect from June 15 until the day that a budget is presented to the Governor. These salaries and expenses could not be paid to legislators at a later date.

Fiscal Effects

State Budget May Be Easier to Approve. This measure could make it easier for the Legislature to send a state budget bill to the Governor. That is because it would lower the voting requirement for the budget from two-thirds to a majority of each house of the Legislature. Given the current composition of each house, this would allow members of the Legislature's majority political party to approve a budget bill without the support of

any members of the minority party. Currently, some members of the minority party must support a budget to reach the two-thirds vote requirement.

In some years, the lower vote requirement could affect the content of the budget and bills identified by the Legislature as related to the budget. Spending priorities in a given budget could be different. The extent of these changes would depend on a number of factors—including the state's financial circumstances, the composition of the Legislature, and its future actions. Accordingly, the exact changes that would occur in future state budgets cannot be estimated.

Some Legislative Pay May Be Lost. In years when the Legislature does not send a budget bill to the Governor by the June 15 deadline, Members of the Legislature would lose portions of their annual salaries and reimbursements for living and travel expenses. In such cases, the measure would reduce state costs by around \$50,000 per day until a budget bill was sent to the Governor.